

WAC 4-30-110 What are the allowable legal forms of organization and ownership requirements for a CPA firm? (1) **Permitted forms of organization.** A CPA firm may be organized as:

- (a) A proprietorship;
- (b) A partnership;
- (c) A professional corporation (PC) or professional service corporation (PS);
- (d) A limited liability company (LLC);
- (e) A limited liability partnership (LLP); or
- (f) Any other form of legal entity authorized by Washington state statute for use by a CPA firm.

(2) **What happens when a CPA firm alters its legal form?** A mere change in the legal form of an existing firm constitutes a new firm for licensing purposes. Accordingly, the new entity must first obtain a CPA firm license from the board and then dissolve the former firm unless the owners desire to maintain more than one licensed firm. Affiliated entities using a restricted title or offering or performing restricted services are subject to board rules.

(3) **What are the ownership requirements for a CPA firm?**

- (a) All owners of a licensed CPA firm are required to:
 - (i) Fully comply with the provisions of chapter 18.04 RCW; and
 - (ii) Be subject to discipline by the board for violations of chapter 18.04 RCW and this board's rules contained in Title 4 WAC;
 - (b) A simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners, owners, or shareholders must be:
 - (i) Licensees in this state or holders of a valid license to practice public accountancy issued by another state;
 - (ii) Entitled to practice public accounting in Washington state; and
 - (iii) Principally employed by the firm or actively engaged in its business.
 - (c) At least one general partner of a partnership, one shareholder of a corporation, and one member of a limited liability company must be a licensee.
 - (d) Each CPA proprietor, partner, shareholder or member who is either a resident or is entering the state and practicing public accountancy in this state must hold a valid Washington state license or practice privileges.
 - (e) A principal owner and any individual having authority over issuing reports must be a licensee under the act or holder of a valid license to practice public accountancy issued by another state and must be entitled to practice public accounting in this state.
 - (f) A nonresident CPA owner must be licensed to practice public accountancy in at least one state.
 - (g) A nonlicensee owner must:
 - (i) Be an individual;
 - (ii) Meet the good character requirements of RCW 18.04.105
- (1) (a);
- (iii) Comply with the act and board rules; and
 - (iv) Be an active individual participant in the licensed firm or affiliated entities as these terms are defined in WAC 4-30-010; and
 - (h) A resident nonlicensee firm owner must meet the requirements of WAC 4-30-116 and register with the board concurrent with submission of the firm license application, or submission of an amendment to the firm license status, to the board.

(4) **What are the requirements for the firm's main office and a branch office?** A firm's main office located in this state must be under the direct supervision of a resident licensee.

A branch office is an office of a licensed CPA firm which is physically separated from the main office. A branch office operates under the license of the main office.

[Statutory Authority: RCW 18.04.055. WSR 16-17-036, § 4-30-110, filed 8/9/16, effective 9/9/16. Statutory Authority: RCW 18.04.055(8), 18.04.195, 18.04.205. WSR 11-07-070, § 4-30-110, filed 3/22/11, effective 4/22/11; WSR 10-24-009, amended and recodified § 4-30-110, filed 11/18/10, effective 12/19/10; WSR 08-18-016, § 4-25-750, filed 8/25/08, effective 9/25/08; WSR 05-01-137, § 4-25-750, filed 12/16/04, effective 1/31/05; WSR 03-24-033, § 4-25-750, filed 11/25/03, effective 12/31/03; WSR 02-04-064, § 4-25-750, filed 1/31/02, effective 3/15/02; WSR 00-11-074, § 4-25-750, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055(8) and 18.04.205(3). WSR 99-18-117, § 4-25-750, filed 9/1/99, effective 1/1/00. Statutory Authority: RCW 18.04.055(3), 18.04.205(3) and 18.04.195. WSR 96-12-061, § 4-25-750, filed 5/31/96, effective 7/1/96. Statutory Authority: RCW 18.04.055. WSR 93-22-089, § 4-25-750, filed 11/2/93, effective 12/3/93.]